

## EXHIBIT 119

1           IN THE UNITED STATES DISTRICT COURT  
2           FOR THE NORTHERN DISTRICT OF OHIO  
3           EASTERN DIVISION

4                   -   -   -

5  
6           IN RE:    NATIONAL                         :   HON. DAN A.  
7           PRESCRIPTION OPIATE                   :   POLSTER  
8           LITIGATION                             :  
9   :  
10          APPLIES TO ALL CASES                 :   NO.  
11   :  
12   :   1:17-MD-2804  
13   :  
14   :

15                   - HIGHLY CONFIDENTIAL -

16           SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

17                   -   -   -

18                   March 15, 2019

19                   -   -   -

20                   Videotaped deposition of  
21           STEPHEN C. MACRIDES taken pursuant to  
22           notice, was held at the offices of  
23           McCarter & English, LLP, 1600 Market  
24           Street, Philadelphia, Pennsylvania,  
beginning at 9:05 a.m., on the above  
date, before Michelle L. Gray, a  
Registered Professional Reporter,  
Certified Shorthand Reporter, Certified  
Realtime Reporter, and Notary Public.

                 -   -   -

                 GOLKOW LITIGATION SERVICES  
                 877.370.3377 ph | 917.591.5672 fax  
                 deps@golkow.com

1 A. There's growth.

2 Q. Okay. And let's see, how  
3 did we do from 2000 to 2001, sir?

4 Doing better?

5 MS. VANNI: Object to form.

6 BY MR. BUCHANAN:

7 Q. Selling more?

8 MS. VANNI: Objection.

9 THE WITNESS: We're shipping  
10 more product to patients who need  
11 them.

12 BY MR. BUCHANAN:

13 Q. Okay. 500 plus million,  
14 half a billion pills; is that right?

15 A. 516 million.

16 Q. Okay.

17 MS. VANNI: Also note my  
18 objection that he is not a  
19 30(b)(6) on sales history.

20 BY MR. BUCHANAN:

21 Q. Okay. I believe, in fact,  
22 you are a designee on suspicious order  
23 monitoring, correct?

24 A. Correct.

1 Q. Okay. Each of the shipments  
2 that are memorialized in shipping records  
3 followed an order, right?

4 MS. VANNI: Object to form.

5 THE WITNESS: You need an  
6 order to ship a product.

7 BY MR. BUCHANAN:

8 Q. Understood. Since the  
9 beginning of Endo's existence, Endo has  
10 been charged with maintain -- maintaining  
11 effective controls against diversion,  
12 correct?

13 MS. VANNI: Object to form.

14 THE WITNESS: The  
15 regulations state that we need to  
16 have controls to prevent  
17 diversion.

18 BY MR. BUCHANAN:

19 Q. Not just any controls,  
20 right?

21 A. Can you clarify what you  
22 mean by that?

23 Q. You have to have effective  
24 controls, right?

1           A.       Yes. We have to have  
2       controls in place to prevent diversion.

3           Q.       You have to have -- what's  
4       the word you dropped?

5                   MS. VANNI: Object to form.

6       BY MR. BUCHANAN:

7           Q.       Effective controls, right?

8           A.       That those controls should  
9       be effective.

10          Q.       That's right.

11          A.       I don't disagree with you.

12          Q.       Okay. So from the  
13       beginning, from 1999 till today, Endo has  
14       been responsible for ensuring it has  
15       effective controls to prevent diversion,  
16       correct?

17          A.       By the regulations, that's  
18       what we need to do.

19          Q.       As a reasonable company,  
20       that's what you need to do --

21                   MS. VANNI: Object to form.

22       BY MR. BUCHANAN:

23          Q.       -- right?

24          A.       We have a responsibility to

1 Q. Okay. There's an operating  
2 company known as Endo, right?

3 A. Right.

4 Q. That line of business  
5 includes the company's branded portfolio;  
6 is that accurate?

7 A. That would be accurate.

8 Q. Okay. There's an operating  
9 company known as Par today?

10 A. Correct.

11 Q. Just owned by the Irish Endo  
12 entity, correct?

13 A. Correct.

14 Q. Par today owns what used to  
15 be Endo's generic business, as well as  
16 what used to be called Qualitest's  
17 business, correct?

18 MS. VANNI: Object to form.  
19 He's also not a corporate designee  
20 on corporate structure, corporate  
21 history.

22 BY MR. BUCHANAN:

23 Q. And I'm really not trying to  
24 do that, you know, for a legal purpose.

1 I just want to make sure we're clear in  
2 communicating today, because it could get  
3 confusing.

4 A. What I can tell you is Par  
5 had a generics business. Endo had a  
6 generics business that it operated as  
7 Qualitest. Par and Qualitest were merged  
8 into a single generics business that now  
9 operates under the Par name.

10 Q. Okay. So the current -- the  
11 current generics business is all under  
12 the Par name. Is it in the Par entity?

13 MS. VANNI: Object to form.

14 THE WITNESS: I'm not an  
15 expert on our legal entity  
16 structure. Our generics business  
17 operates under the Par name.

18 BY MR. BUCHANAN:

19 Q. Okay.

20 A. That's what I can tell you.

21 Q. We have named Par and we  
22 have named Endo.

23 A. Right.

24 Q. I want to know when I talk

1 MS. VANNI: Object to form.

2 THE WITNESS: There -- there  
3 are other regulations, controls,  
4 that we follow that would more be  
5 under the category of suspicious  
6 order monitoring when it comes to  
7 DEA compliance, to ensure that  
8 orders are properly reviewed,  
9 investigated before they are  
10 distributed.

11 BY MR. BUCHANAN:

12 Q. Okay. And that's what I  
13 wanted to understand.

14 So the concern that you have  
15 and the care you have to take with  
16 handling this product in the warehouse or  
17 handling this product in manufacturing  
18 with your own employees, people who you  
19 trust and hire, has to be exercised in  
20 investigating, in reviewing, every single  
21 order you receive, because that concern  
22 doesn't stop in the warehouse, right?

23 MS. VANNI: Object to form.

24 THE WITNESS: The control --



1           the proper control of these  
2           products extends throughout the  
3           supply chain.

4       BY MR. BUCHANAN:

5           Q.       Right. So when the company  
6           receives an order for one of its  
7           controlled products, it has an obligation  
8           to maintain effective controls against  
9           diversion with regard to the orders it  
10          receives, right?

11                   MS. VANNI: Object to form.

12                   THE WITNESS: We have a  
13           responsibility under the  
14           regulations to make sure that we  
15           are reviewing orders, that we are  
16           understanding any orders of  
17           interest, we are investigating  
18           those. And if it comes to it, and  
19           if we determine that the order is  
20           suspicious, then not to ship that  
21           order.

22       BY MR. BUCHANAN:

23           Q.       Okay. So we were looking at  
24           the Endo orders just a moment ago, just

1 to give us some context. I believe it's  
2 Exhibit 4.

3 Let's look at 1999. You  
4 know, shipped -- shipped hundreds of  
5 millions of opioid products in 1999.  
6 Every one of those was by an order.

7 And how many suspicious  
8 orders did the company report to the DEA  
9 in 1999 for Endo products, sir?

10 MS. VANNI: Object to form.  
11 The colloquy.

12 THE WITNESS: I don't  
13 believe we reported any suspicious  
14 orders as an outcome of our  
15 investigations.

16 BY MR. BUCHANAN:

17 Q. Okay. So in 1999 the  
18 company reported no suspicious orders to  
19 the DEA for Endo's orders?

20 A. I don't believe we reported  
21 any suspicious orders to the DEA in 1999  
22 as a result of our investigations.

23 Q. Okay. How about in 2000,  
24 we've got, you know, hundreds of millions

1 of pills again, 400 million plus. I  
2 guess that's also syrups, so dosage units  
3 of syrups.

4 400-plus million pills and  
5 dosage units all pursuant to orders. And  
6 how many suspicious orders did -- did  
7 Endo report to the DEA for 2000?

8 MS. VANNI: Object to form.

9 THE WITNESS: I don't  
10 believe we reported any suspicious  
11 orders in 2000 as an outcome of  
12 our investigations into anything  
13 that was of interest.

14 BY MR. BUCHANAN:

15 Q. Okay. How about 2001, it  
16 looks like -- well, sales are growing.  
17 We talked about that a moment ago.  
18 500-plus million pills and dosage units  
19 for Endo in 2001.

20 How many suspicious orders  
21 got reported to the DEA that year?

22 MS. VANNI: Object to the  
23 colloquy. You can answer.

24 THE WITNESS: I don't

1           believe we reported any suspicious  
2           orders to DEA after the outcome of  
3           our invest -- as an outcome of our  
4           investigations into anything that  
5           was of interest.

6       BY MR. BUCHANAN:

7           Q.     Oh. Okay. So thousands and  
8           thousands and thousands of orders, right?

9           A.     We had orders. I can't tell  
10          you specifically how many orders we had.  
11          But we had orders that represented these  
12          quantities.

13          Q.     Okay. That -- that on an  
14          annual basis would give every American an  
15          opioid, right?

16                 MS. VANNI: Object to form.

17                 THE WITNESS: We got  
18                 order -- we received orders for  
19                 opioids from our customers who in  
20                 turn sold them to patients who  
21                 needed them.

22       BY MR. BUCHANAN:

23           Q.     And not one suspicious order  
24           was reported to the DEA in 2001?

1           A.       We did not report any  
2       suspicious orders to DEA after  
3       investigating internally any orders that  
4       we deemed as of interest.

5           Q.       Okay.   How about 2002?  
6       Sales still on the move.   Growing along,  
7       I guess we can pull out our -- our death  
8       map that we looked at a moment ago.   We'd  
9       see the deep blue going to lighter blue,  
10      going to tan and yellow, and more people  
11      dying.

12                   How many suspicious orders  
13      did you report to the DEA in 2002?

14                   MS. VANNI:   Objection.

15                   THE WITNESS:   I don't  
16      believe we reported any orders,  
17      suspicious orders to DEA as an  
18      outcome of our internal  
19      investigations into any orders of  
20      interest.

21      BY MR. BUCHANAN:

22           Q.       Okay.   2003, sales still on  
23      the move, right?   We are back on  
24      Exhibit 4.

1                   800 million pills, opioids,  
2           dosage units in 2003. All pursuant to  
3           orders the company received, right?

4                   MS. VANNI: Object to form.

5                   THE WITNESS: Yes. We would  
6           receive orders to represent those  
7           quantities shipped.

8           BY MR. BUCHANAN:

9                   Q.       Okay. And how many of those  
10          did the company identify as suspicious?

11                  A.       I don't believe we reported  
12          any suspicious orders to the DEA as an  
13          outcome of our internal investigations  
14          into any orders of interest.

15                  Q.       Okay. So you didn't report  
16          any over this period of time as we just  
17          looked at a five-year window.

18                         How many did you not ship?

19                  A.       I don't believe we  
20          ultimately -- we ultimately shipped all  
21          of these orders as an outcome of our  
22          internal investigations into any orders  
23          of interest.

24                  Q.       Okay. So you've got a drug

1 issues through our suspicious order  
2 monitoring system. That's my answer.

3 Q. Not a single one was ever  
4 reported to DEA?

5 A. If an order had been  
6 determined to be suspicious, it would  
7 have been reported to DEA.

8 Q. As a numbers matter, sir,  
9 just stay with my question.

10 Did the company ever report  
11 any order that Endo received for any of  
12 its opioid products over the period of  
13 time, 1999 to present to the DEA as a  
14 suspicious order?

15 MS. VANNI: Object to form.

16 THE WITNESS: If an order  
17 was deemed suspicious --

18 BY MR. BUCHANAN:

19 Q. Did the company ever do it?

20 A. If the order was -- if an  
21 order was deemed suspicious, it would  
22 have been reported to the DEA.

23 Q. It doesn't answer my  
24 question. I just want the fact. Not an

1 BY MR. BUCHANAN:

2 Q. I'm passing you, sir, what  
3 we're marking as Exhibit 8 to your  
4 deposition.

5 MS. VANNI: Thank you.

6 BY MR. BUCHANAN:

7 Q. Sir, you'll recall before  
8 the break we were talking about your  
9 awareness or not of Endo's products being  
10 diverted. Do you recall that?

11 A. I recall that.

12 Q. Okay. Showing you what is  
13 an e-mail from Mr. Barto to Ms. Connell  
14 from 2003, subject revised DEA meeting  
15 minutes. Do you see that?

16 A. I see it.

17 Q. Okay. Who's Mr. Barto?

18 A. I believe he was a former  
19 employee of Endo.

20 Q. You recognize him as being  
21 in regulatory affairs for Endo?

22 A. It says here that he worked  
23 in regulatory affairs.

24 Q. Okay. Ms. Connell, you



1 recognize her as being on the supply  
2 chain side?

3 A. I do.

4 Q. Okay. In connection with  
5 your preparation, sir, were you aware  
6 that the company sat down with the DEA in  
7 2003 to discuss abuse and diversion  
8 measures with regard to Endo's products?

9 MS. VANNI: Object to form.

10 THE WITNESS: In 2003?

11 BY MR. BUCHANAN:

12 Q. Mm-hmm.

13 A. I was aware that Endo had  
14 discussions with DEA during the time  
15 period that we are talking about.

16 Q. Okay. I'll pass you, sir,  
17 Exhibit 9 to your deposition.

18 (Document marked for  
19 identification as Exhibit  
20 Endo-Macrides-9.)

21 BY MR. BUCHANAN:

22 Q. Is that a yes answer, that  
23 you're aware that the company had  
24 discussed abuse and diversion of Endo's

1     oxycodone/APAP. All three of those are  
2     essentially the same pharmaceutical  
3     combination, they just get marketed in  
4     different ways, right?

5                     MS. VANNI: Objection.  
6                     Beyond the scope.

7                     THE WITNESS: Some are  
8                     branded and some are generic.

9     BY MR. BUCHANAN:

10             Q. Fair. I mean, I wasn't  
11     trying to be tricky with that. I just  
12     wanted to -- the company, for whatever  
13     its business reasons over time, has used  
14     different trade names or branded names  
15     for the same pharmaceutical combination,  
16     true?

17                     MS. VANNI: Object to form.

18                     THE WITNESS: The branded  
19     name is Percocet. And then there  
20     are generics that go by different  
21     names.

22     BY MR. BUCHANAN:

23             Q. Okay. All right, good. So  
24     Percocet in abuse and diversion was a big

1 deal into the early 2000s; isn't that  
2 right?

3 MS. VANNI: Objection.

4 THE WITNESS: I don't have  
5 specific knowledge on Percocet  
6 abuse because --

7 BY MR. BUCHANAN:

8 Q. Sorry.

9 A. Well, as I stated earlier,  
10 if our products aren't properly  
11 controlled, if they get out of the closed  
12 system, then they have -- they can be  
13 abused and diverted.

14 Q. Okay.

15 MR. BUCHANAN: Can we pull  
16 up the chart for the first --  
17 let's just say through 2003,  
18 please.

19 There you go.

20 BY MR. BUCHANAN:

21 Q. All right. So we can see  
22 that in fact Percocet, Endocet, and  
23 oxycodone/APAP -- let's get the Percocet  
24 up there. Those are big movers for the

1 company in the early -- late '90s, early  
2 2000s, right?

3 MS. VANNI: Object to form.

4 THE WITNESS: Can you  
5 clarify what you mean by "big  
6 mover"?

7 BY MR. BUCHANAN:

8 Q. I guess, for simplicity,  
9 two-thirds of your sales?

10 A. We were shipping Percocet  
11 and Endocet based on orders from our  
12 customers based on patient demand.

13 Q. I understand that, sir. But  
14 looking at the chart so we have some  
15 rough sense of what the business  
16 represented, about two-thirds of sales,  
17 at least in terms of pills, was Percocet  
18 or Percocet-like formulations, correct,  
19 sir?

20 MS. VANNI: Object to form.

21 THE WITNESS: Yes, based  
22 on -- if we're looking at 1999, a  
23 majority of the tablets shipped  
24 were Percocet or Endocet.

1 BY MR. BUCHANAN:

2 Q. Right. And roughly, what is  
3 that, 260 million pills, Percocets,  
4 versus a total of 360 or so?

5 A. Right.

6 Q. Okay. And excuse my  
7 rounding. I'm just trying to make it  
8 faster and simpler for both of us.

9 All right. We go forward in  
10 2000. And you're, you know, again, at  
11 roughly 340 million of 450 million pills  
12 are the Percocet and Endocet drugs,  
13 right?

14 MS. VANNI: Object to form.

15 THE WITNESS: That's what it  
16 says.

17 BY MR. BUCHANAN:

18 Q. Percocet was Endo's brand?

19 A. Percocet was a branded  
20 product or is a branded product.

21 Q. But the brand Percocet, was  
22 that Endo's brand name?

23 A. It was.

24 Q. They owned it?

1 MS. VANNI: Object to form.

2 THE WITNESS: Correct.

3 BY MR. BUCHANAN:

4 Q. So when the jury or consumer  
5 hears Percocet, they should think of  
6 Endo?

7 MS. VANNI: Object to form.

8 BY MR. BUCHANAN:

9 Q. Right?

10 A. Percocet is the brand.

11 Q. That's the name you marketed  
12 it under, right?

13 A. That's the name that Endo  
14 marketed the product under, Percocet.

15 Q. And if we looked at Percocet  
16 pills shipped by Endo, we'd see a little  
17 R with a circle around it, right?

18 It was your registered trade  
19 name for it, correct?

20 A. It was.

21 Q. You had the exclusive right  
22 to use that name, right?

23 MS. VANNI: Object to form.

24 Beyond the scope.

1 THE WITNESS: From a  
2 regulatory perspective, yes.

3 BY MR. BUCHANAN:

4 Q. Right. So when the jury  
5 hears Percocet it can think Endo, right?

6 MS. VANNI: Objection.

7 BY MR. BUCHANAN:

8 Q. It has your name?

9 MS. VANNI: Objection.

10 THE WITNESS: Percocet was  
11 our branded product. I will say  
12 though, that as a strip that you  
13 put on a cut, it's called a  
14 Band-Aid, there is a branded  
15 Band-Aid. And there are a lot of  
16 other kinds of band-aids.

17 There is a branded Percocet  
18 product and there are a lot of  
19 generic Percocet products. Some  
20 distributed by Endo, some  
21 distributed not by Endo.

22 So there are a number of  
23 products, generic products, that  
24 get referred to as Percocet, that

1                   may or may not be the branded  
2                   Percocet.

3       BY MR. BUCHANAN:

4                   Q.       Fair point, sir.

5                             And we see, in fact, you  
6       sold a generic version of your own  
7       branded product, right?

8                   A.       We did.

9                   Q.       Right. Well, we can't  
10      dispute that -- or you don't dispute, do  
11      you, sir, that you sold a lot of  
12      Percocet?

13                             MS. VANNI: Object to form.

14      BY MR. BUCHANAN:

15                   Q.       And its generic equivalence?

16                             MS. VANNI: Object to form.

17                             THE WITNESS: We sold  
18      Percocet. I'm not disputing that.

19      BY MR. BUCHANAN:

20                   Q.       Okay. And as we see through  
21      the years, certainly the early years  
22      here, sir, Percocet is a big part of your  
23      sales portfolio, right?

24                             MS. VANNI: Object to form.



1 THE WITNESS: We sold the  
2 quantities of Percocet that are  
3 listed on this sheet.

4 BY MR. BUCHANAN:

5 Q. Okay. So by 2003, wow, you  
6 have taken, with your Percocet and  
7 Endocet brand, you've gone from, what,  
8 about 260 million pills of Percocet and  
9 Endocet in 1999, to, what is that, about  
10 640 million pills, of Percocet and  
11 Endocet for one year in 2003?

12 A. About that.

13 Q. Just about doubled, five  
14 years.

15 A. Right. Reflecting the  
16 demand for the product, for the patients  
17 that need it.

18 Q. A lot of growth, agreed?

19 MS. VANNI: Object to form.

20 BY MR. BUCHANAN:

21 Q. Doubled sales in five years  
22 of Percocets?

23 A. There's growth from 1999 to  
24 2003 reflecting the increased demand for

1           specific input to challenge us and  
2           to give us suggestions on how we  
3           can improve.

4       BY MR. BUCHANAN:

5           Q.       Sure.

6           A.       In that context that's why  
7       we -- that's how we would have --

8           Q.       And you invited them into  
9       your shop, right?

10                   MS. VANNI:   Object to form.

11       BY MR. BUCHANAN:

12           Q.       Per the 1056.3?

13           A.       I'm just looking this over.  
14       Yes, it looked like there was a visit to  
15       the facility.

16           Q.       Visit to the facility, short  
17       review of documents, to provide findings  
18       and recommendations back to the company,  
19       correct?   We're going to 1056.10.

20           A.       1056.10?

21           Q.       Yes.   Is that correct?   You  
22       called them in.   They looked at stuff.  
23       They gave you a report and analysis back?  
24       Fair, sir?

1           A.       It looked like they did an  
2       audit and gave us some -- some findings.

3           Q.       Okay. Let's go to Finding  
4       Number 8.

5           A.       Are you on --

6           Q.       1056.10.

7           A.       Okay.

8           Q.       I'm sorry.

9                   Finding Number 8, SOM,  
10       below. I guess there's two Finding  
11       Number 8 -- Findings Number 8.

12                   Finding Number 8, SOM.  
13       Could you read that sentence for us, sir?

14           A.       "There is no suspicious  
15       order monitoring program in place."

16           Q.       Okay. Let's pause there.  
17       As of 2010, the company is selling  
18       controlled substances that it must keep  
19       in a vault and in a cage in its warehouse  
20       and production facilities, correct?

21                   MS. VANNI: Object to form.

22                   THE WITNESS: Par was  
23       selling opioids that had certain  
24       regulations on how they needed to

1 be stored and controlled.

2 BY MR. BUCHANAN:

3 Q. And there is a requirement?

4 MR. BUCHANAN: Can we blow  
5 that out?

6 BY MR. BUCHANAN:

7 Q. Under 21 C.F.R. 1301.74(b).  
8 Do you see that? That the company must  
9 maintain and operate a system to disclose  
10 to the registrant suspicious orders of  
11 controlled substances, right?

12 Do you see that?

13 A. Yeah. And if I could just  
14 have a minute to read it. Yes, this is  
15 what the regulation says.

16 Q. Okay. And that regulation's  
17 not a new one, right?

18 A. No.

19 Q. I mean, that regulation has  
20 been around for as long as Endo has been  
21 around, right?

22 MS. VANNI: Objection.

23 THE WITNESS: The

24 regulations has been in place for

1           whatever period of time they've  
2           been in place.

3       BY MR. BUCHANAN:

4           Q.     Right. And the Controlled  
5       Substance Act actually has a provision  
6       that manufacturers and distributors are  
7       supposed to maintain effective controls  
8       against diversion, right? Are you aware  
9       of that?

10          A.     I'm aware of that, yes.

11          Q.     Okay. So as of 2010, sir,  
12       there is no suspicious order monitoring  
13       program in place. That's what you're  
14       told by the consultants you hired to look  
15       at this issue, correct?

16          A.     That's what the report says.

17          Q.     Okay.

18          A.     So as I said earlier, we  
19       hired --

20          Q.     That's my question sir.

21                   Recommendation underneath,  
22       "Although it was stated that sales are  
23       mainly to large wholesalers" -- let's  
24       pause.

1                   As a registrant, you have an  
2                   obligation to maintain a suspicious order  
3                   monitoring program, period, correct, sir?

4                   MS. VANNI: Object to form.

5                   THE WITNESS: We have an  
6                   obligation to do what it says here  
7                   in the regulations, to design and  
8                   operate a system to disclose to  
9                   the registrant suspicious orders  
10                  of controlled substances.

11 BY MR. BUCHANAN:

12                  Q. Right.

13                  A. That's what we have an  
14                  obligation to do.

15                  Q. Right. It doesn't -- the  
16                  explanation given to your consultant that  
17                  well, we just sell to wholesalers, that  
18                  doesn't mean that you don't have to have  
19                  a suspicious order monitoring program,  
20                  right?

21                  MS. VANNI: Object to form.

22                  THE WITNESS: We have to --

23 BY MR. BUCHANAN:

24                  Q. You know better than that?

1           Q.       Sitting here today, sir, you  
2       don't recall a single Par policy,  
3       procedure, or standard operating document  
4       prior to the date of this memo for  
5       suspicious order monitoring, correct,  
6       sir?

7                   MS. VANNI: Object to form.

8                   THE WITNESS: I do recall a  
9       suspicious order monitoring SOP.

10                  I do not recall the time  
11       frame at which that was  
12       implemented.

13       BY MR. BUCHANAN:

14                  Q.       Okay. Well, we'll look at  
15       that. Okay.

16                  Because the company, a few  
17       years later, implements an SOP, right?

18                  MS. VANNI: Object to form.

19       BY MR. BUCHANAN:

20                  Q.       After it's been selling  
21       opioids for years --

22                  MS. VANNI: Objection.

23       BY MR. BUCHANAN:

24                  Q.       -- right?

1 MS. VANNI: Objection.

2 THE WITNESS: As I said, our  
3 programs were evolving in response  
4 to increasing our diligence around  
5 monitoring orders and ensuring  
6 that we were doing everything we  
7 could within the regulations to  
8 prevent our abuse and diversion.

9 This step of bringing in a  
10 consultant, which we do quite  
11 frequently, to challenge us, to  
12 help us raise the bar, to give us  
13 their view on things.

14 MR. BUCHANAN: Move to  
15 strike.

16 BY MR. BUCHANAN:

17 Q. My question was, the company  
18 has been selling opioids for years prior  
19 to the time it implements its first SOP.

20 Do you know that, sir?

21 MS. VANNI: Objection.

22 Asked and answered.

23 THE WITNESS: I have data  
24 here that says the company was



1 things, and delivered a report which said  
2 there is no suspicious order monitoring  
3 program in place as of this date in 2010,  
4 correct, sir?

5 MS. VANNI: Object to form.

6 THE WITNESS: As the  
7 consultants define suspicious  
8 order monitoring program, their  
9 input was we needed to enhance  
10 whatever we were doing in terms of  
11 looking at orders and formalize  
12 the program. That's how I would  
13 interpret their response here.

14 BY MR. BUCHANAN:

15 Q. Okay. And so the answer to  
16 my question, sir, though about whether  
17 you are aware of a standard operating  
18 procedure for SOMs or a policy as of 2010  
19 is still the same, you're not aware of  
20 one, correct?

21 MS. VANNI: Objection.

22 Misstates his testimony.

23 THE WITNESS: I reviewed a  
24 lot of documents. I know I

1 reviewed documents, Par documents,  
2 that were related to suspicious  
3 order monitoring.

4 I don't remember -- I don't  
5 recall the date. I looked at a  
6 lot of documents to prepare for  
7 this. I didn't commit them all to  
8 memory.

9 BY MR. BUCHANAN:

10 Q. Okay. Let me show you the  
11 first one we found, sir. Okay.

12 MR. BUCHANAN: Can I have  
13 1839.

14 (Document marked for  
15 identification as Exhibit  
16 Endo-Macrides-12.)

17 BY MR. BUCHANAN:

18 Q. I'm passing you, sir, what  
19 we're marking as Exhibit 12. This is an  
20 e-mail from Ms. Feniger to Ms. Lipari and  
21 some others on the team. Suspicious  
22 order monitoring.

23 SOM, do you see that?

24 A. I see that.

1                   Q.       Attachments SO002. Do you  
2 see that?

3                   A.       I see that.

4                   Q.       Okay. The quality is  
5 something we're both suffering with, sir.  
6 I wish I could have given you a better  
7 copy.

8                               And so what we have here is  
9 the SOM. And it's SOP number SO002.0.  
10 Do you see that?

11                  A.       I see that.

12                  Q.       And it says supersedes.  
13 What does it say after that?

14                       MR. BUCHANAN: Can you go to  
15 .2 please.

16                       THE WITNESS: I'm sorry.

17 BY MR. BUCHANAN:

18                  Q.       I'm sorry. It's the top of  
19 the page, sir. I know my question was  
20 confusing.

21                       We see the SOP number on the  
22 right. You recognize that companies like  
23 yours number their SOPs?

24                  A.       Right.

1 Q. And they often put a version  
2 number, a dot after to indicate an  
3 incremental change to an SOP?

4 A. Right.

5 Q. Okay. What's the title of  
6 this particular SOP, sir?

7 A. Suspicious order monitoring.

8 Q. Okay. And the SOP number  
9 for it is S0002.0, correct?

10 A. Correct.

11 Q. Supersedes?

12 A. It says not applicable.

13 Q. What is the date, the  
14 effective date of this SOP, sir?

15 A. April 17th of 2012.

16 Q. Okay. And we've got  
17 signatures and approvals written by,  
18 checked by, approved by.

19 Do you see all that?

20 A. I do.

21 Q. Okay. This was actually  
22 written by the head of sales?

23 A. Written by Patricia Lipari,  
24 director of sales.

1 Q. Okay.

2 A. Sales operations.

3 Q. Okay. Sales ops. And it  
4 was checked by a technical writer in  
5 documentation, right?

6 A. Checked by, yeah, Angela  
7 Feniger.

8 Q. I can't read the approved by  
9 name. Do you know that name?

10 A. Dino Taraban.

11 Q. Okay. And so, sir, this  
12 is -- the .0 or the first version of  
13 Par's SOM, suspicious order monitoring  
14 SOP, correct, sir?

15 A. Appears to be the first  
16 specific SOP entitled suspicious order  
17 monitoring.

18 Q. Okay. And --

19 A. But I wouldn't interpret  
20 that as suggesting that orders were not  
21 being looked at in some capacity prior to  
22 that.

23 Q. Yeah, that wouldn't be  
24 helpful, right? That'd be a real

1       problem?

2                       MS. VANNI:   Object to form.

3       BY MR. BUCHANAN:

4               Q.       I mean, you had a consultant  
5       come -- withdrawn.

6                       You had a consultant come in  
7       in 2010, in April, right?   The Buzzeeo  
8       group came in in April 2010?

9               A.       April.

10              Q.       We looked at that.

11              A.       Right.

12              Q.       They said, "There is no  
13       suspicious order monitoring program," is  
14       what they said, right?

15              A.       That was their observation.

16              Q.       Right.

17              A.       Those were their words.

18              Q.       They showed you the C.F.R.  
19       They made a recommendation, right?   They  
20       said, "You need an SOP," right?

21                      MS. VANNI:   Object to form.

22                      The document speaks for itself.

23                      MR. BUCHANAN:   I'm happy to  
24       let it speak for all of us.

1 THE WITNESS: They said --

2 MR. BUCHANAN: I told you

3 I'd allow that to happen.

4 THE WITNESS: My

5 interpretation of what they said

6 is they said we need to improve

7 our program around order

8 monitoring.

9 BY MR. BUCHANAN:

10 Q. What they said, "There is no  
11 suspicious order monitoring program in  
12 place." You can agree that's what they  
13 wrote and told the company in early 2010,  
14 correct?

15 A. That's what they said in  
16 2010, based on the way they would define  
17 suspicious order monitoring.

18 Q. Right. And -- well, they  
19 said you had no suspicious order  
20 monitoring program in place. Yes or no?

21 A. That's what it says here.

22 Q. Thank you. They quoted you  
23 the regulation. Yes or no?

24 A. They quoted the regulation.

1           Q.       They said, "Although it was  
2       stated" -- okay, do you understand that  
3       to be referring to your people talking to  
4       the Buzzeo folks, right?

5                   MS. VANNI: Object to form.

6       BY MR. BUCHANAN:

7           Q.       "Although it was stated that  
8       sales are mainly to large wholesalers" --  
9       is that your understanding, sir?

10          A.       Right.

11          Q.       The Buzzeo folks got that  
12       information from your team at Par, right?

13          A.       Presumably yes, they were  
14       speaking to people at Par.

15          Q.       Right. "Although it was  
16       stated that sales are mainly to large  
17       wholesalers, a program must be instituted  
18       based on customer sales, volumes,  
19       seasonal fluctuations, et cetera, with a  
20       firm statistical analysis as the basis  
21       for such a program."

22                   Did I read that correctly,  
23       sir?

24          A.       You read -- that's what it



1       says.

2                   Q.       Okay. "It is further  
3       recommended that the basis for  
4       conducting" -- what? Due diligence.

5                            Do you see that?

6                   A.       I see that.

7                   Q.       -- "of new and existing  
8       customers and identifying and  
9       investigating and clearing of reporting  
10      suspicious orders be documented in an  
11      SOP."

12                           Did I read that correctly,  
13      sir?

14                  A.       You did.

15                  Q.       Okay. And so we have now,  
16      the rest of 2010 passes without an SOP,  
17      right?

18                  A.       This appears to be the first  
19      SOP that is specifically titled  
20      "Suspicious Order Monitoring."

21                  Q.       All of 2011 passes without  
22      an SOP, right?

23                  A.       As I said, this is the first  
24      SOP that appears to be entitled

1 "Suspicious Order Monitoring." That  
2 doesn't mean that Par wasn't complying  
3 with the registration around identifying  
4 potentially suspicious orders --

5 Q. And then in --

6 A. -- in the 2010-2011 time  
7 frame.

8 Q. Then sometime around April  
9 of 2012, you got around to getting an  
10 SOP, huh?

11 MS. VANNI: Object to form.

12 BY MR. BUCHANAN:

13 Q. Do I have that right?

14 MS. VANNI: Object to form.

15 THE WITNESS: In April  
16 of 2012, we published an SOP.

17 BY MR. BUCHANAN:

18 Q. Okay. And you published  
19 that SOP, and, you know, we can agree  
20 some 200 million units of pills and doses  
21 and patches -- I guess it's not pills.  
22 It's oral transmucosal fentanyl citrate  
23 and syrups, are going out the door with  
24 hydrocodone and fentanyl in 2010 and

1 2011, correct?

2 MS. VANNI: Object to form.

3 MR. BUCHANAN: Withdrawn.

4 Very confusing question.

5 MS. VANNI: Very.

6 BY MR. BUCHANAN:

7 Q. You told us earlier in  
8 April 2012 you published that SOP. Yet  
9 in 2010 and 2011 some 200 million dosage  
10 units of fentanyl citrate and hydrocodone  
11 went out the door, correct?

12 A. We sold those products in  
13 2010 and 2011.

14 Q. Okay.

15 A. You're assuming that the  
16 lack of -- the lack of an SOP meant that  
17 those orders were not being looked at or  
18 not being reviewed.

19 Q. You have not been able to  
20 highlight any written procedure, any  
21 documentation for the company that  
22 preceded the April 2012 SOP, correct,  
23 sir?

24 MS. VANNI: Object to form.

1 THE WITNESS: I don't have a  
2 document.

3 BY MR. BUCHANAN:

4 Q. So could you describe for  
5 us, sir, where in Exhibit 12 the company  
6 describes how it's going to determine  
7 what gets reported to the DEA?

8 A. If you can give me a minute  
9 to review this.

10 Q. Sure. Let's just -- let's  
11 just go to 1839.2 real quick.

12 A. 1839.2.

13 Q. We can agree under purpose,  
14 policy, and responsibility, there's  
15 nothing in here about reporting stuff to  
16 the DEA, correct?

17 A. It says, "Define process of  
18 suspicious order monitoring as determined  
19 by sales operations that we are in line  
20 with DEA requirements."

21 So if -- if the order needs  
22 to be reported to DEA, that would be in  
23 line with DEA requirements.

24 Q. Okay. So what orders, then,

1 are suspicious orders under your SOP for  
2 suspicious order monitoring, sir?

3 A. Orders that would be deemed  
4 of interest.

5 Q. Where are those? You're  
6 looking -- it sounds like you are not on  
7 1839.2. You are now on 18 point --

8 A. I'm just reviewing the  
9 document.

10 Q. -- 1839.3. We can agree  
11 1839.2 doesn't identify what a suspicious  
12 order is, correct?

13 MS. VANNI: Object to form.  
14 BY MR. BUCHANAN:

15 Q. Characteristics, quality.  
16 We could agree?

17 A. It says, "Define a process  
18 for suspicious order monitoring that's in  
19 line with DEA requirements." That's what  
20 it says.

21 Q. Okay. Let's go to 1839.3.  
22 So what were you telling  
23 your sales operations folks was a  
24 suspicious order on 1839.3?

1           A.       So what this is telling me  
2       is that they're looking at orders that  
3       are considered to be excessive. "If  
4       quantities are higher than the average  
5       transmission, it is questioned."

6           Q.       Where are you, sir?

7           A.       I'm on -- under procedure.

8           Q.       Okay. What paragraph?

9           A.       The second one. "Weekly  
10      replenishment purchase orders are  
11      analyzed by account service executives  
12      versus customer provided usages. If  
13      quantities are higher than the average  
14      transmission it is questioned.

15                   "The buyer is contacted to  
16      review a written request, is asked as to  
17      the reason for the increase. It is  
18      reviewed to ensure it is correct and  
19      warranted."

20          Q.       Mm-hmm. And then what gets  
21      reported to the DEA?

22          A.       If there is not a reasonable  
23      explanation for the order, and it was  
24      deemed suspicious, then under the

1 regulations it would need to be reported  
2 to DEA.

3 Q. Okay. And where is that?  
4 I'm just trying to find that?

5 Can we agree, sir, nothing  
6 in here spells out what and how it gets  
7 reported to the DEA?

8 A. It doesn't seem to describe  
9 that exact process. It seems to talk  
10 more about monthly reports are generated  
11 and sent to quality compliance for  
12 submission to DEA on a quarterly basis.

13 Q. Okay. We can agree, sir, in  
14 2010, I think your testimony was no  
15 orders were identified as suspicious or  
16 reported to DEA, correct?

17 A. We did not submit any  
18 suspicious orders based on our review of  
19 the orders.

20 Q. And not in 2011 or in 2012,  
21 correct, sir?

22 A. Not to my knowledge.

23 Q. Okay.

24 A. After review and

1 investigation.

2 Q. Well, in fact, there was no  
3 SOP in force until April of 2012,  
4 correct?

5 MS. VANNI: Object to form.

6 THE WITNESS: Yes. No SOP  
7 specifically entitled "Suspicious  
8 Order Monitoring."

9 BY MR. BUCHANAN:

10 Q. Okay. And, in fact, please  
11 tell the jury who had a responsibility  
12 for evaluating orders once you had an  
13 SOP.

14 Let's go to 1839.2. Do you  
15 see the heading that says Responsibility?

16 Who had responsibility?

17 A. "Sales" -- "sales  
18 operations/account services to monitor  
19 applicable Par trade customer purchase  
20 orders."

21 Q. Okay. So the sales group?

22 A. These aren't -- these aren't  
23 salespeople. These are -- these are  
24 people that -- these are more clerical



1 BY MR. BUCHANAN:

2 Q. This was put in force in  
3 October of 2012, correct?

4 A. That's what it says.

5 Q. Okay. And then if we go to  
6 dot -- and again it was -- go back again,  
7 I'm sorry.

8 Again, it was written by the  
9 same director of sales operations, right?

10 A. Right.

11 Q. And signed off by the --  
12 excuse me, checked by the account  
13 services executive, right?

14 A. Right.

15 Q. That's a different name than  
16 last name.

17 And then we've got that same  
18 Dino person, head of QA?

19 A. Yeah, he was -- he was head  
20 of compliance for the -- for Par.

21 Q. Okay.

22 A. All of compliance.

23 Q. Okay.

24 A. Quality and DEA compliance.

1 Q. Okay. And well, let's look  
2 at how this SOP evolved.

3 MR. BUCHANAN: Can we go to  
4 .3.

5 BY MR. BUCHANAN:

6 Q. It says, "Reporting  
7 suspicious criminal activities."

8 Do you see that?

9 A. I see that.

10 Q. Okay. "If criminal activity  
11 is suspected, report the following" --  
12 "report the following to the state  
13 agencies that are" -- "that license the  
14 facility, e.g., board of pharmacy and  
15 Food and Drug Administration, as well as  
16 Drug Enforcement Administration for  
17 controlled substances within three days  
18 of suspecting criminal activity."

19 Do you see that, sir?

20 A. I see that.

21 Q. Okay. We can agree, sir,  
22 that your obligation and your promise as  
23 a registrant, is to report orders of  
24 unusual frequency, orders of unusual

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MR. BUCHANAN: Let's take a  
break.

THE VIDEOGRAPHER: Off the  
record at 3:13 p.m.

(Short break.)

THE VIDEOGRAPHER: We are  
back on the record at 3:32 p.m.

BY MR. BUCHANAN:

Q. Okay. Sir, I'm passing you  
over a stack of exhibits. We'll go  
through them in sequence. There's -- why  
don't we start with what's been marked as  
Exhibit Number 23.

1 (Document marked for  
2 identification as Exhibit  
3 Endo-Macrides-23.)

4 MR. BUCHANAN: Charles,  
5 could you pass a copy for defense  
6 counsel.

7 BY MR. BUCHANAN:

8 Q. For the record, it's  
9 internally labeled as E-1051. If we can  
10 pull up that on the screen. E-1051, sir,  
11 is an e-mail to John Schultz, Mike  
12 Reiney, Charles Propst, others.

13 Do you recognize any of  
14 those names?

15 A. I recognize most of the  
16 names.

17 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

1     what -- excuse me, in 2008, that this is  
2     what was required, right?

3             A.     All companies were reviewing  
4     the guidance by DEA to move in the  
5     direction of statistical models --

6             Q.     You still have to answer my  
7     question.

8             A.     -- to adapt their programs.

9                     MS. VANNI: Objection to  
10     form.

11     BY MR. BUCHANAN:

12             Q.     You still have to answer my  
13     question. So my --

14             A.     Can you ask it again,  
15     please.

16             Q.     Yeah. My question to you,  
17     sir, after you said, "In 2013, we engaged  
18     with Cegedim to do that," I said, "So the  
19     very consultant who told you in 2008 that  
20     this is what was required was the  
21     consultant you used in 2013 to implement  
22     the statistically validated algorithm for  
23     Qualitest, correct?"

24             A.     We worked with them in 2013

1 to enhance the program and build us a,  
2 you know, more advanced algorithm.

3 Q. Right. In fact you did that  
4 after you sat down with the DEA in March  
5 of 2013, correct?

6 A. I think I testified earlier  
7 that we had identified areas to improve  
8 our program throughout that period but as  
9 early as 2011 when we had engaged Tracey  
10 Hernandez to lead our DEA compliance.

11 Q. When did management first  
12 approve and fund a statistically  
13 validated algorithm to detect potentially  
14 suspicious orders, sir?

15 MS. VANNI: Objection.

16 BY MR. BUCHANAN:

17 Q. Before or after the  
18 March 2013 meeting with the DEA?

19 A. In 2013 we engaged with  
20 Cegedim to develop the algorithm.

21 Q. After you met with the DEA,  
22 correct?

23 A. Subsequent to March of 2013.

24 Q. Which means after, right?

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MS. VANNI: Object to form.

THE WITNESS: There's no

knowledge here that -- or

information that they were

reported to the DEA.

BY MR. BUCHANAN:

Q. Because in fact, you were  
the person selling to them? You were  
selling directly to people that were  
problematic customers, right?

MS. VANNI: Object to form.

THE WITNESS: We were

selling to these customers.

BY MR. BUCHANAN:

Q. Please look at Exhibit 41,  
sir.

1 (Document marked for  
2 identification as Exhibit  
3 Macrides-41.)

4 THE WITNESS: 41?

5 BY MR. BUCHANAN:

6 Q. Yeah. Exhibit 41, sir, is  
7 excerpted from the company's  
8 interrogatories that were prepared by the  
9 company and counsel and produced to us in  
10 the last two weeks.

11 It says suspicious orders  
12 and --

13 MS. VANNI: This is a  
14 demonstrative based on the --

15 MR. BUCHANAN: It -- it's a  
16 demonstrative. But it is, in  
17 fact, the entire chart as -- as  
18 reflected in the interrogatory.

19 BY MR. BUCHANAN:

20 Q. These are, in fact, either  
21 suspicious orders or customers reported  
22 to DEA by Par Pharmaceuticals, as  
23 disclosed in discovery responses to us,  
24 sir.



1                   We could agree, sir, looking  
2                   at this list, that you don't see any  
3                   reports to the DEA of any suspicious  
4                   orders or any suspicious customers prior  
5                   to the meeting with the DEA in March of  
6                   2013, correct, sir?

7                   MS. VANNI: Objection.

8                   THE WITNESS: All these  
9                   dates are after March of 2013.

10                  MS. VANNI: I want to make  
11                  one more objection to the extent  
12                  that I don't -- I don't know  
13                  whether that interrogatory even  
14                  called for that information.

15                  MR. BUCHANAN: It does. But  
16                  your objection is noted.

17                  MS. VANNI: I also object to  
18                  completeness.

19                  BY MR. BUCHANAN:

20                  [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 ultimate end customer.

2 BY MR. BUCHANAN:

3 Q. UPS didn't have a  
4 relationship with your customers,  
5 correct?

6 A. UPS is our distribution  
7 partner.

8 Q. My question to you, sir, is,  
9 UPS -- you were UPS's customer, correct?

10 MS. VANNI: Object to form.

11 THE WITNESS: UPS --  
12 correct. UPS is a third-party  
13 distributor.

14 BY MR. BUCHANAN:

15 Q. Right. UPS did not have  
16 visibility to your customers and did not  
17 conduct due diligence of your customers,  
18 correct, sir?

19 MS. VANNI: Object to form.

20 THE WITNESS: No UPS -- UPS  
21 is the registrant for  
22 distribution, for the distribution  
23 license would be required to have  
24 a suspicious order monitoring

1 program in place.

2 BY MR. BUCHANAN:

3 Q. My --

4 A. It would be the  
5 responsibility of the client, in this  
6 case Endo, to manage the customer  
7 relationship.

8 Q. For you to manage your  
9 customer, your Morris and Dickson, your  
10 FW Kerr, your Top Rx, your BZ Pharmacies.  
11 Those were your customers?

12 A. That's how -- yes, that's  
13 how these relationships work.

14 Q. Right. And it was your job  
15 to manage your -- and do -- manage and do  
16 the due diligence on your customers,  
17 correct?

18 MS. VANNI: Object to form.

19 THE WITNESS: The model here  
20 is to outsource distribution. The  
21 customer relationship, the  
22 customer diligence is with Endo in  
23